

# Electric Sub-Committee

**02/3/2016  
7:00 PM to 9:32 PM  
Ipswich Utilities Office  
Meeting Room  
272 High Street  
Ipswich, MA**

Type of meeting: Monthly Meeting, Open Session

Attendees: Jim Engel, Charles Surpitski, Whitney Hatch, Ed Rauscher, Michael Schaaf, Karen Repucci (Business Mgr) and Don Newell (ELD Dir.). Michael Lynch, Kim Grant, and Cindy Quinn, Minutes Secretary, were present.

## Agenda

Citizen queries	Chair	5
Acceptance of Minutes	Chair	5
Anticipated Schedule of Conservation Program Schedule	Chair	2
Conservation Program Presentation--MMWEC	Michael Lynch/Kim Grant	45
Conservation Program Financial Update	Karen Repucci	15
FY2016 YTD Financial Update	Karen Repucci	15
FY2017 Budget Discussion	Don Newell	45
Solar Update	Don Newell	10
Other Business	Donald Newell	10

## Additional Information

E. Rauscher called the meeting to order at 7:02 pm with 7 members present and three others noted above. Three others attended.

### Handouts:

Packet for 2/3/16 including minutes for 12/2/15, 65 pgs  
Notes from W. Hatch, 1 pg  
Forward Capacity and Other Charges, 1 pg  
ELD Cash O&M Balance 10/31/13-11/30/15, 1 pg.

Bulleted Agenda for 2-5-2016, 1 pg  
FY16 Electric Profit and Loss, 1 pg  
PPFA – FY 2017 and Profit & Loss, 2 pgs

**Abbreviations used:**

BOS = Board of Selectmen   DPU = Dept. of Public Utilities   ELD = Electric Light Department  
IMLD = Ipswich Municipal Light Department   KWH = kilowatt hour  
MMWEC = MA Municipal Wholesale Electric Company   O&M = Operating and Maintenance  
PPFA = Purchase Power Fuel Adjustments   SREC = Solar Renewable Energy Credit

**Citizen queries****Chair****5**

Discussion: no citizen queries.

Conclusions:

Action items:

Person responsible:

Deadline:

**Acceptance of Minutes****Chair****5**

Discussion: Jim moved to accept the 12/2/ and 1/5/16 15 minutes, and Charlie seconded the motion. Whitney read his statement, and Jim suggested attaching the note to the January minutes. The vote was unanimous.

Conclusions: The minutes were approved.

Action items:

Person responsible:

Deadline:

**Anticipated Schedule of Conservation Program Schedule****Chair****2**

Discussion: One of the attendees sent an email to some of the committee about conservation, and this will be on the agenda in March.

There was some conversation about how long the meetings should last with budget, conservation, and DPU report items.

Conclusions: Conservation will be on the agenda for March.

Action items:

Person responsible:

Deadline:

**Conservation Program Presentation  
MMWEC****Michael Lynch  
Kim Grant****45**

Discussion: Kim Grant came to talk about the conservation program and show some slides on the energy efficiency program, some background on MMWEC, and IMLD overview. She spoke about HELPS—Home Energy Loss Prevention and its services including home energy audits, appliance rebates, and several other items. Ipswich has participated in this since 2002.

Then Kim focused on some comparisons with a few other towns on audits, home efficiency incentive (HEI), and HEI rebates since 2014. Mike suggested a rate review. In the past, there had been a flat rate, and now there is a graduated rate. Don noted that most people would do the free audits (608 of them) and take the free things. He plans to meet with the Council on Aging, Recreation Director, and Farmers' Market as it appears more education is needed. Another consideration is raising the amount for rebates.

Further discussion centered on gas audits and rebates through Mass Save, but it is rare to do the work for a rebate. Kim presented more charts on rebates for appliances (\$20-\$400), air conditioning and heat pumps (\$250-\$500), and photovoltaic (PV) incentives up to \$4250. There was some discussion on emphasizing appliance rebates, and Kim and Don would redo the numbers for the rebates for the same time-periods. In addition, Mike says it important to understand the KWH saved.

.Kim talked about New Homes rebate program where energy efficient technology is integrated in new construction. More specifics will be available in March. Next, she went through the details of the Green Opportunity (GO) program for commercial and industrial customers for lighting, heating, and ventilation. IMLD joined this in 2010. For the rebates, there are random inspections, and companies provide proof with invoices. The funding for the lighting project at the High School came from the Conservation Fund. In 2015, IMLD received an Innovation Award for the HELPS and GO programs.

Before determining what new programs to launch, Mike Lynch and Kim recommend looking at the data to see where we need more marketing and outreach. There was some dialogue on encouraging more participation by increasing rebates and encouraging conservation measures. There were several questions and ideas such as changing the rates and customer behaviors.

**Conclusions:****Action items:****Person responsible:****Deadline:**

Redo numbers for rebates for matching time periods

Don Newell

**Conservation Financial Update****Karen Repucci****10**

Discussion: Karen referred to page 46 in the packet, Ipswich MLD Conservation Budget (FY12-16) and the numbers through 12/31/15 for SRECS, HELPS, various rebates, and commercial/industrial programs. Focusing on what is available for business, Don talked about trying to have more of them to use the rebates. On the municipal side, he has met with Bill Hodge, Facilities Director, to discuss possible rebates. Michael Schaaf mentioned a change for Karen on the sheet.

Don plans to take some of the light bulbs, showerheads, and rain barrels to the Senior luncheon, and Ed suggested having a banner on the website for opportunities to save on electric bills. Whitney would like MMWEC to take 4-5 audit customers and follow up on their home energy audit. Another idea is to get the commercial sector more energy centered. A member in the audience suggested talking with Energy Conservation in Gloucester about renewable, educational outreach, climate change and gas emissions. Don reported that Conservation departments concentrate on those items.

Ed noted that the global arguments are not working, and 30% of the gasses are from engine transmissions. It appears that the US is 10 years behind other countries, and we may have to reduce KWH sales to 2% unless it is new construction.

Conclusions: Consider a pilot program in April. Push for more audits and efficiency options.

Action items:	Person responsible:	Deadline:
Check on specific KWH placed in the Conservation Fund	Don Newell	

## **FY2016 YTD Financial Update**

**Karen Repucci**

**15**

Discussion: Karen began with some information about the Riverbend, the new senior living center. They are utilizing more KWH because of the sewer pump. Most of their appliances are electric, but they heat with gas.

She reviewed the % for electric, water and sewer (60, 25 and 15%), which now seems to be a fair split. Many of the charges are in billing and customer service, but there are still some questions about PILOT (payment in lieu of taxes) and benefits. The department is taking in more revenue than has expenses, however, not all the bills have arrived. Due to the warm weather in December and January, sales are down.

.She reviewed the Profit and Loss page noting the net income as of 12/31/15 as \$290,478 and the ELD Cash O&M Balance sheet. In the last two years, cash balance has improved. Don noted there are some issues as the PPFA is in this sheet. If the chart goes cash negative, the Town charges ELD interest. Right now, there is \$600,000 in PPFA, but Don mentioned that would be spent by the end of the year. One problem with PPFA in this account is that it cannot be utilized as operating cash.

When the graph goes up, payments from customers are coming in, and when it drops, IMLD is paying MMWEC, other bills, and payroll. Karen talked about more folks using the lock box, and the staff is doing fewer manual transactions. These two are factors to having the money sooner.

Conclusions: Going forward, Don would like to try to keep the line positive.

Action items:	Person responsible:	Deadline:

## **FY 2017 Budget Discussion**

**Don Newell**

**45**

Discussion: While looking at line 5481, Don said the schools pay a percentage on the wind, and we give them credit on the bill. IMLD pays the full amount, and this does not show on the profit and loss statement. Insurance went from \$13,000 to \$29,000 this year, and the IMLD will be going out to bid for a new service agreement.

Some concerns brought up by the committee included setting money aside for a gear box, involving the Town Manager in the discussion with the schools to decrease the discount, increasing the depreciation fund, and placing the gear box in the capital plan. In category 5920, the labor for maintenance work should be increased rather than using outside contractors.

For Purchased Power, Don explained how the forward capacity payments went way over budget due to high, energy costs. Then he gave a breakdown of the forward capacity charges for FY 2016 and the projected years. There will be some bids at the upcoming capacity auction, with higher capacity costs, but the numbers on this chart are firm through 2018. There was a conversation on trying to break even and the net impacts of generating our own power (<100 hours/year).

He outlined the changes on the Profit and Loss Statement—KWH sales, bad debts, and increased revenues. Michael asked about changing the discount over a period of three years to reduce it, and others discussed other options such as a discount for paying early and one if there is a direct deposit. Another idea is to start with the commercial class first, while Jim offered to wait until the cost of service study and the rate studies are complete.

There was a discussion on PPFA and what to do with the over-collected amount. It does help keep the cash flow positive, but it does not count as cash on hand. In the past, it has been removed as a liability, but in the O&M, it is unrestricted. Energy markets are down. Whitney was interested in cash on hand numbers, and MMWEC can go 5 years out. The cost of the new Operations Manager is built into the budget.

Conclusions: Ed wondered how disruptive this committee wants to be, and he believes there is a need to bring this together. There were some economic development concerns as well. Next month, the capital plan will be included with the full budget.

Action items:

Person responsible:

Deadline:

Rate structure schedule

Don Newell

Check on PPFA rates, PILOT issues

Karen Repucci

## **Solar Update**

**d**

**15**

Discussion: Tighe and Bond have been hired to review the landfill, but Don announced that he is waiting for the DEP (Dept. of Environmental Protection) to schedule a document review.

At a recent School Committee meeting, he heard a student proposal for solar panels on the roof of the high school. There will be another meeting 2/9/16 to discuss this further (ownership, grants, and how to do this). The school is listed as an emergency shelter, and it could use the solar with a battery backup.

Conclusions:

Action items:

Person responsible:

Deadline:

## **Other Business**

**Donald Newell**

**10**

Discussion: The next subcommittee meeting will be Mar. 2<sup>nd</sup>. Concerning the operations manager, Don is reviewing a candidate, and he discussed that he may be advertising for others.

ELD received the final air-operating permit today. He is working on the DPU compliance filings for the power plant. Farabee Mechanical secured the bid to rebuild the first engine in the next month or so. The cost is \$160,000 this year and another \$100,000 in the next year.

Conclusions:

Action items:

Person responsible:

Deadline:

## **Additional Information**

It was moved and seconded to adjourn the meeting at 10:37 pm. Unanimous.